

# **ANALYSIS OF UNION BUDGET 2011-12**

## **CHANGES IN CENTRAL EXCISE TARIFF RATES**

### **SECTOR WISE ANALYSIS**

#### **(A) GENERAL CHANGES IN EXCISE TARIFF**

- (i) An excise duty of 1% without Cenvat credit facility is being imposed on about 130 specified items, which were hitherto either fully exempt from excise duty or chargeable to nil rate of excise duty.
- (ii) A mandatory excise duty of 10% is being imposed on branded readymade garments. Such duty shall be charged on the tariff value @ 60% of their retail sale price.
- (iii) The concessional rate of excise duty of 4% is being increased to 5%.
- (iv) An excise duty of 5% is being imposed on automatic looms and projectile looms.
- (v) Clearance based exemption to units manufacturing papers from non-conventional material is being withdrawn.
- (vi) The exemption on computer hardware items, is being withdrawn. These will be charges the duty @ 5%.

- (vii) Full exemption from excise duty to colour, unexposed cinematographic film in jumbo rolls of 400 feet and 1000 feet

**(B) AUTOMOBILE SECTOR**

- (i) Concessional rate of excise duty @10% is being extended to factory built ambulances. Other vehicles retrofitted as ambulances subsequent to their removal from the factory shall continue to be eligible for refund based concession.
- (ii) The scope of the Taxi Refund Scheme is being extended to include vehicles carrying 13 persons including the driver.
- (iii) To provide refund of 20% of the excise duty paid on vehicles if they are registered as a taxi subsequent to removal.
- (iv) Full exemption from excise duty is being extended to parts of power tillers when cleared to another factory of the same manufacturer for manufacturing power tillers.

**(C) CEMENT**

The quantity based rates for different types of cement plants and different types of packaging form is being proposed to be changed to *ad valorem* rate of 10%. Proposed rates of *ad valorem* in some cases have been combined with quantity based duty also.

**(D) CAPITAL GOODS**

- (i) Exemption to capital goods required for expansion of an existing mega/ultra mega power project
- (ii) Reduction in excise duty from 10% to 5% on specified textile machineries.
- (iii) Full exemption to specified parts of sewing machines which does not have inbuilt motors.

**(E) ENVIRONMENT FRIENDLY AND ENERGY SAVING GOODS**

- (i) Concessional rate excise duty of 10% on hydrogen vehicles based on fuel cell technology.
- (ii) Reduction in duty from 10% to 5% on hybrid kits for conversion of fossil fuel vehicles to hybrid vehicles.

**(F) FOOD PROCESSING**

Full exemption on

- AC Equipments, panels and refrigeration for setting up of cold chain infrastructure meant for agricultural produces
- Conveyor belt systems for use in cold storage for agricultural produces

**(G) PAPER & PAPER BOARD**

- (i) Full exemption from excise duty to cotton stalks particle
- (ii) Concessional rates of 5% excise duty on corrugated boxes
- (iii) Reduction in excise from 10% to 5% on greaseproof and glassine papers

**(H) PRECIOUS METALS**

- (i) Reduction of duty from Rs. 280/- per 10 gram to Rs. 200/- per 10 grams on serially numbered gold bars other than tola bars.
- (ii) Imposition of excise duty of Rs. 300/- per 10 gram on serially numbered gold bars manufactured during the process of copper smelting.
- (iii) Imposition of Rs. 1500/- per Kg on silver, manufactured during the process of copper smelting

(iv) Imposition of duty of 1% on branded jewellery and branded articles of precious metals.